

OFFICE OF THE WASHINGTON STATE LIQUOR CONTROL BOARD

May 13, 1971

The Washington State Liquor Control Board met in regular session. Minutes of previous meeting were read and approved.

Pursuant to notice filed with the Code Reviser on April 22, 1971, Chairman Jack C. Hood and Board Members Leroy M. Hittle and Don Eldridge, together with staff members Arthur F. Mickey, Assistant Attorney General, and I. W. (Bob) Hilson, Beer and Wine Division Supervisor, convened at 9:00 a.m., today in the Board's office in Olympia at a meeting open to the public to consider the adoption of amended Rule 49, new Rule 49.5, and amended Rules 81 and 82.

Also present at the meeting were the following persons:

Arthur J. Eeckhout, State Distributing Co., Olympia;
F. N. McCowan, Washington Food Dealers Association,
Seattle;
Mr. B. Robertson, Lang Distributors, Seattle;
Ken Bennett, Totem Beverages, Renton;
Ralph Klemmer, K & L Distributors, Bellevue;
Ronald Murphy, Washington Brewers Institute, Seattle;
John Huddleson, Washington Beer & Wine Wholesalers
Association, Inc., Seattle;
Harris Miller, United Vintners, Seattle;
Tom Lashley, Italian Swiss Colony, Olympia;
Norman Wilcox, Italian Swiss Colony, Bellevue;
Bob Jennings, Jennings Corporation, Bremerton;

Pursuant to its notice filed with the Code Reviser, the Board considered all written material submitted to it prior to May 13, 1971, and heard orally from all interested persons present who wished to speak for or against the proposed rule changes.

Mr. John Huddleson stated that the Washington Beer and Wine Wholesalers Association, Inc., were in favor of the proposals. Mr. Ronald A. Murphy, Counsel, on behalf of the Washington Brewers Institute, Inc., submitted the attached "Statement of Washington Brewers Institute, Inc.," suggesting language be added to subsection (3) of new Rule 49.5 for clarification. Mr. Huddleson and Mr. Jennings said they were in concurrence with accepting the additional language in subsection (3) of new Rule 49.5 and inserting comparable language in amended subsection 6, of Rule 82.

Mr. McCowan stated that he had no particular comment on behalf of the Washington Food Dealers Association, but that some grocers were fearful of price wars, and would want the aforementioned additional language inserted in Rule 82, subsection (6) as well as in Rule 49.5, subsection (3). Supervisor Hilson explained that the rules prohibited quantity discounts and loss leaders and that

**PLAINTIFF'S
EXHIBIT**

CASE
NO. **CV04-0360P**

EXHIBIT
NO. **044**

WSA00707

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disruptive pricing practices would not be permitted.

Board Member Hittle moved that subsection (3) of proposed new Rule 49.5 be amended to read as follows:

"Prices filed by a licensed brewer shall be uniform prices to all wholesalers on a statewide basis less bona fide allowances for freight differentials and shall be consistent as between the various packages and containers offered for sale to beer wholesalers. No licensed brewer shall file a price on any item which, in fact, constitutes a "post off." Quantity discounts are prohibited. No price shall be filed which is below "cost," or below cost of doing business," or a "loss leader" as those terms are defined in Regulation (124)(4). No licensed brewer shall initiate or be a party to any disruptive pricing practices."

The motion was seconded by Board Member Eldridge and carried unanimously.

Board Member Hittle moved that subsection (6) of proposed amended Rule (82) be amended to read as follows:

"Prices filed by a domestic winery shall be uniform prices to all wholesalers on a statewide basis less bona fide allowances for freight differentials and shall be consistent as between the various packages and containers offered for sale to wine wholesalers. No domestic winery shall file a price on any item which, in fact, constitutes a "post off." Quantity discounts are prohibited. No price shall be filed which is below "cost," or below "cost of doing business," or a "loss leader" as those terms are defined in Regulation (124)(4). No domestic winery shall initiate or be a party to any disruptive pricing practices."

The motion was seconded by Board Member Eldridge and carried unanimously.

Board Member Hittle moved that Resolution 22 with Annexed Regulations (Amended Rule 49, WAC 314-20-100; New Rule 49.5 as amended, WAC 314-20-105; Amended Rule 81, WAC 314-24-190; and Amended Rule 82 as amended, WAC 314-24-200) be approved and adopted as permanent rules of the Washington State Liquor Control Board, effective July 1, 1971. The motion was seconded by Board Member Eldridge and carried unanimously.

A copy of the transmittal, resolution and rules is attached.

The Board approved expenditure of \$945.00, estimated cost for replacement of a heavy duty industrial battery in the Barrett Tow Tractor used at the Seattle warehouse.

The Board accepted lowest of nine bids submitted by the Fibreboard Corporation for furnishing liquor cartons, with inside partitions assembled by manufacturer, for use in the repack section of the Seattle warehouse, at a cost of \$1,352.05.

The Board approved a new direct connect burglar alarm protection for Store No. 32, which is being converted to a self-service operation at a new location